

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 8

MINUTES OF SPECIAL MEETING OF BOARD OF DIRECTORS

SEPTEMBER 9, 2010

The Board of Directors (the "Board" or "Directors") of Montgomery County Municipal Utility District No. 8 (the "District" or "MCMUD 8") met in special session, jointly with Montgomery County Municipal Utility District No. 9 ("MCMUD 9"), open to the public, on Thursday, September 9, 2010, at 9:00 a.m., at the Walden Yacht & Country Club, 13101 Melville Drive, Montgomery, Texas 77356, a designated meeting place located inside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Roy McCoy	President
Robert Leasure	Vice President
Daniel L. Davis	Assistant Vice President
Arch Payne	Assistant Secretary
Claude D. (Dan) Fryman	Director

All members of the Board were present. Also attending were Jim Bustin, Ernie Harris, Judy Sanders and Phil Griffin, Board of Directors of MCMUD 9; Scott Sustman, General Manager of the Walden Community Improvement Association ("WCIA"); Mike Irlbeck of NRS Consulting Engineers ("NRS"); Carolyn Ahrens of Booth, Ahrens & Werkenthin, P.C.; and Elliot M. Barner and Ross J. Radcliffe of Johnson Radcliffe Petrov & Bobbitt PLLC ("District's Attorney").

The President, after finding that the notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order and declared it open for such business as may come before it.

1. Public Comment. The President first opened the meeting to public comment.
 - a. Mr. Sustman discussed the WCIA's request to use the dry pit for water reuse and explained that water would be diverted into the old lift station pit.
 - b. Mr. Sustman next discussed the WCIA's investigation of rainwater harvesting and determined an eight (8) year payback.
 - c. Mr. Sustman then discussed effluent and indicated that equipment costs would be approximately 50 percent of the costs associated with rainwater harvesting. Mr. Sustman stated that the direct reuse could be metered. Mr. Sustman also discussed the increased cost in re-routing the concrete drive at a cost of \$2,600.

Upon a **motion** by Director Davis, seconded by Director Payne, after full discussion and with all Directors present voting aye, the Board approved moving forward with direct reuse.

2. As no further public comment was offered, the President directed the Board to proceed with the agenda.

3. City of Huntsville Reuse Project. Ms. Ahrens reviewed details of the Option to Purchase and Agreement to Pursue Water Supply, the Joint Defense Agreement and the Water Supply Agreement (the "Agreements") with the Boards. Upon a **motion** by Director Davis, seconded by Director Fryman, after full discussion and with all Directors present voting aye, the Board approved the Agreements with the City of Huntsville.

4. Executive Session. Pursuant to Chapter 551 of the Texas Government Code, Subchapter D, of the Open Meetings Act, the President called the executive session to order at 10:05 a.m. to discuss matters within the attorney/client privilege regarding litigation issues and legal issues related to the bed & banks permit applications related to the effluent reuse projects. Present for the executive session were the Board of Directors of MCMUD 8; Jim Bustin, Ernie Harris, Judy Sanders and Phil Griffin, the Board of Directors of MCMUD 9; Mr. Irlbeck, Ms. Ahrens, Mr. Barner and Mr. Radcliffe.

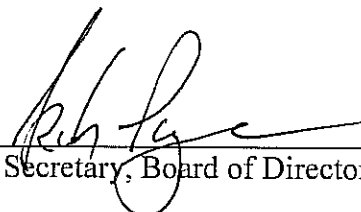
As of 10:20 a.m., the President declared the Executive Session was ended and the public session was resumed.

5. A discussion ensued regarding the funding availability through the Texas Water Development Board's Water Infrastructure Fund Program. It was noted that some funding for planning, permitting, and design costs may be available for a deferred payments structure, whereby principal payments are deferred for ten (10) years and interest is not accrued during such ten (10) year period. Upon a **motion** by Director Leasure, seconded by Director Payne, after full discussion and with all Directors present voting aye, the Board authorized to make application for Water Infrastructure Fund for the effluent reuse projects.

6. A discussion next ensued regarding the September 26, 2010 Town Hall Meeting, including agenda topics, as well as procedures concerning questions from the public and responses to such questions. It was reported that question cards would be available to the public, which will be collected at the end of the presentations for responses by the board members or consultants, as may be appropriate.

THERE BEING NO FURTHER BUSINESS BEFORE THE BOARD, the meeting was adjourned.

PASSED AND APPROVED this the 13th day of October, 2010.



Secretary, Board of Directors